

PUBLIC DISCLOSURE

March 29, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

MT. WASHINGTON CO-OPERATIVE BANK

**430 WEST BROADWAY
SOUTH BOSTON, MASSACHUSETTS 02127**

**DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MASSACHUSETTS 02110**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting its needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **MT. WASHINGTON CO-OPERATIVE BANK** (the "Bank") prepared by the Division, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

The primary factors supporting the Bank's overall rating include:

Loan to deposit and share ratio

The Bank's average net loan to deposit ratio has averaged 85.0 percent for the period of March 31, 2002 to December 31, 2003, and is considered to meet the standards for satisfactory performance.

Credit Extended Inside and outside the assessment area

The Bank has extended a marginally adequate percentage of loans within its assessment area. A total of 48.5 percent of its HMDA-reportable loans was granted within its assessment area. The Bank was ranked number four with a 4.69 percent of the market.

Distribution of Credit among Individuals of Different Incomes

The Bank has effectively met the credit needs of individuals of all income levels, including those of low- and moderate-income. The Bank granted 14.9 percent of its HMDA-reportable loans to low-income borrowers, and 19.1 percent to moderate-income borrowers. Based on this performance, the Bank exceeds the standards for a satisfactory performance in this category.

Geographic Distribution of Loans

A review of the geographic distribution of loans among the various census tracts in the Bank's assessment area revealed that the dispersion of loans in low-income tracts for 2002 exceeded both the aggregate and the assessment area's demographics. In 2003, the lending levels exceeded the assessment area's demographics. Lending in moderate-income tracts for 2002 exceeded the demographics of the assessment area, but fell below all other HMDA-reportable lenders in its area. During 2003, lending in moderate-income tracts fell well below the make-up of the Bank's assessment area. Given the Bank's overall lending performance for the period under review, the Bank is considered to meet the standards for a satisfactory performance in this category.

Response to Complaints and Fair Lending

The Bank has not received any CRA related complaints since the prior examination. The Bank's fair lending performance was found to be satisfactory at this time.

PERFORMANCE CONTEXT

Description of Institution

Mt. Washington Bank is a state-chartered mutually owned institution, incorporated under the laws of the Commonwealth of Massachusetts in 1893, to serve the various savings and credit needs of individuals and families in the community. The Bank's administrative offices and loan center are located at 455 West Broadway, South Boston, Massachusetts.

In addition, the Bank operates four full service offices at 430 West Broadway, 708 East Broadway, and 501 Southampton Street in South Boston, and 489 Gallivan Boulevard., Dorchester. All offices, including the loan center, have Automated Teller Machines (ATMs). In addition, the offices located at Southampton Street and Gallivan Boulevard have drive-up ATMs. The Bank is a member of the SUM network that allows the Bank's ATM cardholders free use at member institution ATMs. Hours of operation are convenient and include extended hours on Thursday and Friday evenings and Saturday mornings at all full service offices.

The Bank is a participant in the Basic Banking for Massachusetts program and offers a low cost savings program. In addition, the Bank offers a basic checking product that has no minimum balance, no fees and no per-check charge.

The Bank operates in a very competitive market. Local competitors include but are not limited to the following: Fleet National Bank; Citizens Bank of Massachusetts; Sovereign Bank; and Boston Federal Savings Bank, as well as representatives of numerous regional and national mortgage companies. The market influence from these institutions appears to be significant, and as a result, serves to keep the Bank's rates and services offered competitive.

Description of Institution (continued)

The Bank has a CRA Policy, which is approved by the Board of Directors annually. The mission of the Bank is to continue as an independent, mutual, community-based financial institution providing a wide array of high quality banking services to individuals and small businesses.

In order to coordinate efforts to fulfill the Bank's CRA mission, the Board of Directors have appointed a CRA committee, which meets semi-annually and consists of six Directors; the President/CEO; the CRA Officer; the Senior Vice President/Chief Lending Officer; the Senior Vice President/Compliance & Administration; the Vice President/Residential Mortgage & Consumer Lending; and the Vice President/Community Affairs & Public Relations. The CRA committee reports to the Board of Directors as to the Bank's performance in meeting its CRA goals, objectives and overall mission.

The Bank offers a first-time homebuyer's product for individuals who are purchasing a 1-4 family owner-occupied dwelling. The program offers expanded underwriting standards and reduced closing costs. During 2002, the Bank originated 20 loans, totaling \$4,335,415. During 2003, the bank granted 25 loans, totaling \$6,473,330.

The Bank, in partnership with the MHFA, offers the Municipal Mortgage Program. Under this program, the Bank offers 100% financing to qualified borrowers who are full-time municipal employees and wish to purchase a single family home or condominium in the city/town where they work. Terms include a ¼% lower interest rate than standard interest rates, lower attorneys fees, a first time homebuyer credit of \$500 and flexible underwriting ratios of 33/41. During 2002, the Bank originated eight loans, totaling \$1,956,250, and in 2003, the Bank originated nine loans, totaling \$2,411,870.

The Bank participates in the Take The "T" Affordable Housing Program. This program offers a 30-year fixed rate or 5/1 year ARM and 100% LTV to eligible applicants. To be eligible, an applicants must be a first time homebuyer and a demonstrated user of public transportation. During 2002, the Bank originated one loan for \$225,000. No loans were originated in 2003.

According to the December 31, 2003, Federal Financial Institutions Examination Council (FFIEC) Quarterly Call Report, the Bank had \$346,628,000 in assets; of which gross loans represented \$208,307,000 (60.1 percent) of total assets. Approximately, 99.1 percent of the Bank's loan portfolio is in real estate loans, with 84.8 percent of those loans secured by 1-4 family real estate.

Description of Institution (continued)

Refer to the following table for details of the bank's loan portfolio by type:

Loan Portfolio Composition

Loan Type	Amount (000s)	Percent
One to Four-Family Residential Mortgages	164,407	78.9
Equity Lines of Credit	12,348	5.9
Commercial Real Estate	16,562	8.0
Multifamily Loans	713	0.3
Construction and Land Development	12,418	6.0
Total Real Estate Loans	206,448	99.1
Commercial and Industrial	529	0.3
Consumer and All Other Loans	1,330	0.6
Total Gross Loans	208,307	100.0

Source: December 31, 2003 Consolidated Report of Condition.

Overall, the Bank's ability to meet community credit needs is considered strong based on its financial condition and asset size. There are no financial or legal impediments that would limit the Bank's ability to meet the credit needs of the assessment area. The Federal Deposit Insurance Corporation (FDIC) last examined the Bank for compliance with CRA on April 29, 2002. That examination resulted in a CRA rating of Satisfactory. The Division last examined the Bank on September 9, 1998. That examination resulted in a High Satisfactory rating.

Description of Assessment Area

CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. In 2002, the Bank defined its assessment area as the South Boston neighborhood of Boston. On January 1, 2003, the Bank increased its assessment area to include the census tracts surrounding its Gallivan Boulevard branch in Dorchester.

2002 ASSESSMENT AREA

Using the 1990 census data, the Bank's assessment area was comprised of 14 census tracts, of which 4 (or 28.6 percent) were designated as low-income; 4 (or 28.6 percent) moderate-income; and 6 (or 42.8 percent) middle-income. There are no upper-income census tracts within the assessment area. The low-income tracts are made up of mainly subsidized housing projects, which account for the high percentage of rental units within the assessment area.

Assessment area housing data, based on 1990 Census Data, indicated that there are 14,769 housing units, of which 26.8 percent are owner-occupied, 61.7 percent are rental, and 11.5 percent are vacant. The area's total population is 29,395 persons. The area contains 13,007 households, of which 18.8 percent are below poverty level, 28.4 percent receive social security, and 13.7 percent receive public assistance.

Description of Assessment Area (continued)

2003 ASSESSMENT AREA

Utilizing the 2000 census data, the Bank's assessment area, including the addition of tracts located in Dorchester, contained 20 census tracts. Of these 4 (20.0 percent) were designated as low-income; 7 (35.0 percent) were moderate-income; and 9 (45.0 percent) were middle-income. There are no upper-income census tracts within the assessment area. The low-income tracts are located in South Boston (3) and Dorchester (1), and the 7 moderate-income tracts are located in South Boston (1) and Dorchester (6).

Assessment area housing data, based on 2000 Census Data, indicated that there are 31,201 housing units, of which 33.2 percent are owner-occupied, 61.3 percent are rental and 5.5 percent are vacant. The assessment area's total population is 69,866. The assessment area contains 29,462 households, of which 16.1 percent of the individuals are living below the poverty level, 21.9 percent receive social security and 4.6 percent receive public assistance.

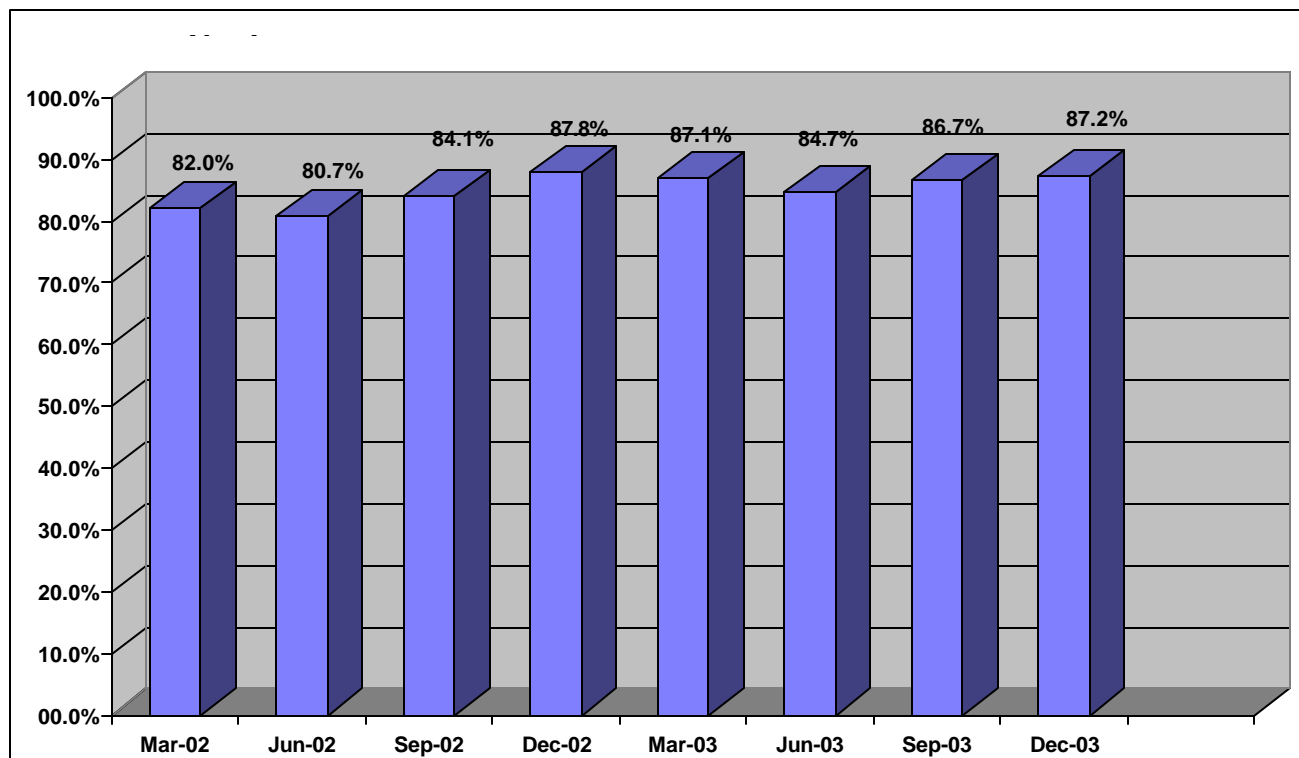
PERFORMANCE CRITERIA

1. NET LOAN TO DEPOSIT ANALYSIS

An analysis of the Bank's net loan to deposit ratio was performed during the examination. The calculation incorporated eight quarters of the Bank's net loan to total deposit figures utilizing the FFIEC quarterly call reports. This review included the quarters ending March 31, 2002, through December 31, 2003.

The Bank's average loan to deposit ratio during the period under examination was determined to be 85%. The ratio has fluctuated from a low of 80.7% on June 30, 2002, to a high of 87.8% on December 31, 2002. The overall increase in the ratio can be attributed to a 34.0% growth in loans and a 26.0% growth in deposits. It should be noted, that during 2002 and 2003, the Bank sold 327 fixed rate loans totaling \$64,916,800 to GMAC, MHFA and Countrywide Home Loans. In addition, during the same time period, the Bank sold 61 loans, totaling \$10.7 million, to Freddie Mac and retained the servicing rights.

The following graph illustrates the Bank's Net Loan to Deposit ratios.



An analysis of the Bank's Peer Group, which includes institutions with assets of \$100 million to \$1 billion, for the period December 31, 1999 through December 31, 2003, indicated an average net loan to deposit ratio of 81.5 percent. The lowest percentage was 76.8 percent on December 31, 2002, and the highest percentage was 85.8 percent on December 31, 2000.

NET LOAN TO DEPOSIT ANALYSIS (continued)

The Bank's average net loan to deposit ratio was compared to the ratios of five other institutions with similar asset sizes. The ratios used for the Bank and the other institutions were as of December 31, 2003. These percentages range from a low of 73.4 percent to a high of 90.9 percent. Refer to the following table:

INSTITUTION	NET LOAN TO DEPOSIT RATIO
Framingham Co-operative Bank	90.9%
Mt. Washington Co-operative Bank	87.2%
North Shore Bank	84.6%
Medford Co-operative Bank	84.1%
Cape Cod Co-operative Bank	82.4%
The Village Bank	73.4%

Based on the above information and the Bank's capacity to lend, its asset size the strong competition from other institutions in the assessment area, demographic and economic factors present in the assessment area, and the lending opportunities available in the assessment area, the Bank's loan to deposit ratio meets the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA (S)

Data regarding the Bank's HMDA-reportable lending activity for 2002 and 2003 was reviewed to determine the proportion of loans originated within the assessment area by number and dollar amount. Lending data was obtained from the Bank's Loan Application Register (LAR) filed under the provisions of the Home Mortgage Disclosure Act (HMDA).

For the period reviewed, the Bank originated 947 HMDA-reportable loans totaling \$219 million. Of these loans, 459 representing 48.5 percent of the total loans were originated in the assessment area. By dollar amount, these loans totaled \$104 million or 47.3 percent. Of the 459 loans originated within the assessment area, 343 or 74.7 percent were for refinances and 104 or 22.7 percent were for conventional home purchases. The Bank had a 121 percent increase in loans from calendar year 2002 to 2003.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA (S) (continued)

Distribution of HMDA Reportable Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2002	141	47.8	28,740	44.7	154	52.2	35,496	55.3
2003	318	48.8	74,991	48.3	334	51.2	80,160	51.7
Total	459	48.5	103,731	47.3	488	51.5	115,656	52.7

Source: HMDA /LAR, CRA Wiz

Based on the above information, less than a majority of the number and dollar amount of the Bank's HMDA reportable loans have been originated within its assessment area. By regulation, a Bank that has less than 50 percent of its loans inside its assessment area does not meet satisfactory performance in this category. Despite this fact, in 2002, the Bank was the number four lender in the assessment area with 4.69 percent of the market share. The number one lender was Washington Mutual Bank, FA with 10.21 percent.

3. LENDING TO BORROWERS OF DIFFERENT INCOMES

An analysis of HMDA-reportable loans extended within the Bank's assessment area, among various income levels during 2002 and was conducted. Originations were categorized by the ratio of the applicant's reported incomes to the 2002 and 2003 estimated median family incomes of the Boston Metropolitan Statistical Area (MSA). These income figures are based on estimated Department of Housing and Urban Development (HUD) information. The estimated 2002 and 2003 HUD median family incomes for the Boston MSA are \$74,200 and \$80,800, respectively.

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA; moderate income is defined as 50 to 79 percent of the median family income; middle income is defined as income between 80 and 119 percent of the median family income; and upper income is defined as income greater than 120 percent of the median family income.

LENDING TO BORROWERS OF DIFFERENT INCOMES (continued)

The following table compares the Bank's 2002 borrower income distribution to that of the HMDA aggregate lenders. Furthermore, the table also compares these presentations to the distribution of family households within the assessment area.

Distribution of HMDA loans by Borrower Income				
Median Family Income Level	% Total Households Per 1990 Census Data	Aggregate Lending Data (% of #)	2002	
		2002	#	%
Low	40.9	3.1	21	14.9
Moderate	18.5	15.6	27	19.1
Middle	17.3	28.3	32	22.7
Upper	23.3	39.2	47	33.4
N/A		13.8	14	9.9
Total	100.0	100.0	141	100.0

Source: 1990 U.S. Census, HMDA/LAR, and HMDA Aggregate Data

During 2002, the Bank extended 21 loans to low-income borrowers representing 14.9 percent of the total loans originated within the assessment area. This is well below the 40.9 percent of low-income households within the assessment area. However, this is reasonable based on the escalating prices of housing in the assessment area, the overall market conditions which make credit opportunities for low-income borrowers limited and the low percentage of owner-occupied units. The Bank's performance, when compared to the aggregate lenders, 3.1 percent is considered to exceed the standards for satisfactory performance.

In 2002, the Bank originated 27 loans to moderate-income borrowers, representing 19.1 percent of the total originations within the assessment area. This percentage is slightly higher than the 18.5 percent of moderate-income households within the assessment area and exceeds the aggregates 15.6 percent.

In 2002, the Bank was ranked number two in lending to low and moderate-income borrowers with an 8.2 percent market share. GMAC Mortgage was ranked number one with a 10.3 percent market share.

LENDING TO BORROWERS OF DIFFERENT INCOMES (continued)

The following table compares the Bank's 2003 borrower income distribution to the distribution of family households within the assessment area.

Distribution of HMDA loans by Borrower Income			
Median Family Income Level	% Total Households per 2000 Census Data	Year-to-date 2003	
		#	\$
Low	34.9	29	9.1
Moderate	18.9	83	26.1
Middle	19.0	88	27.7
Upper	27.2	92	28.9
N/A		26	8.2
Total	100.0	318	100.0

Source: 2000 U.S. Census, HMDA/LAR, and HMDA Aggregate Data

The Bank's performance in lending to moderate-income borrowers when compared to the percent of households within the assessment area is better than that of its lending to low-income borrowers.

The distribution of HMDA-reportable loans by borrower income demonstrates the bank's willingness to lend to borrowers of all income levels including those of low and moderate-income. Therefore, the Bank is considered to exceed the standards for satisfactory performance in this category.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

The table below shows the number of HMDA-reportable loans in comparison to the number of owner-occupied housing units in each census tract. In addition, the Bank's HMDA-reportable loans were compared to that of all other HMDA-reporters in the assessment area. Other HMDA reporters include Bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 2002.

GEOGRAPHIC DISTRIBUTION OF LOANS (continued)

Refer to the following table for details.

Distribution of HMDA Loans by Income Category of the Census Tract				
Census Tract Income Level	% Total Owner-Occupied Housing Units per 1990 Census Data	Aggregate Lending Data (% of #)	2002	
		2002	#	%
Low	6.8	6.5	14	9.9
Moderate	23.6	31.5	42	29.8
Middle	69.6	62.0	85	60.3
Total	100.0	100.0	141	100.0

Source: 1990 U.S. Census, HMDA/LAR, and HMDA Aggregate Data

As shown in the above table, 9.9 percent of the Bank's total loans for 2002 were within low-income census tracts, which is higher than the 6.8 percent of owner-occupied units in the assessment area. The 29.8 percent of the Bank's loans originated within the moderate-income census tracts are higher than the 23.6 percent of owner-occupied housing units in the assessment area. In addition, the above data shows that the number of loans in middle-income census tracts is lower than the percentage of owner-occupied housing units in these areas.

As demonstrated above, the percentage of the Bank's lending activity in low-income census tracts for 2002 is higher than the aggregate. Lending activity in moderate-income census tracts was slightly lower than that of the aggregate. In addition, the Bank's HMDA-reportable loans in middle-income census tracts were slightly lower than the aggregate.

In this criterion, the Bank had a 4.9 percent share of the market and placed fourth with Washington Mutual Bank, FA being first with 10.0 percent

The following table compares the Bank's 2003 geographic lending distribution to the percentage of owner-occupied units based on 2000 Census data.

Distribution of HMDA Loans by Income Category of the Census Tract			
Census Tract Income Level	% Total Owner-Occupied Housing Units per 2000 Census Data	year-to-date 2003	
		#	\$
Low	2.4	18	5.7
Moderate	36.9	35	11.0
Middle	60.7	265	83.3
Total	100.0	318	100.0

Source: 2000 U.S. Census, HMDA/LAR, and HMDA Aggregate Data

GEOGRAPHIC DISTRIBUTION OF LOANS (continued)

As shown in the above table, 18 loans or 5.7 percent of the Bank's loans for the period under review were within the Bank's low-income census tracts and is much higher than the assessment area's percentage of owner-occupied units at 2.4 percent. Conversely, 11.0 percent of loans originated within the moderate-income census tracts are much lower than the 36.9 percent of owner-occupied housing units in the assessment area. In addition, the above data shows that the number of loans in middle-income census tracts is considerably higher than the percentage of owner-occupied housing units in these tracts.

Based on the above information, the Bank is considered to have a reasonable distribution of loans in its assessment area including the low and moderate-income areas. Hence, the Bank meets the standards for satisfactory performance in the category.

5. REVIEW OF COMPLAINTS/FAIR LENDING

REVIEW OF COMPLAINTS

The Bank has not received any complaints regarding its CRA performance since the previous examination

FAIR LENDING POLICIES AND PRACTICES

The Bank's fair lending data was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

Bank management ascertains the credit needs of the assessment area through their involvement in community organizations and programs. The Bank markets its services and products to the community through direct mailings, advertisements in a local newspaper and the Internet. Seminars are also conducted in order to make potential customers aware of the services the bank provides.

To ensure that the circumstances of a denial are based on fact and that the process is consistent in all cases, a non-lender reviews denied applications before an adverse action letter is sent.

MINORITY APPLICATION FLOW

The Bank received (for 2002 and 2003 combined) a total of 10 mortgage applications from various minority groups, representing 1.9 percent of all residential loan applications received. Of these, 4 (40.0 percent) were originated. The HMDA aggregate lenders in 2002 received 3.4 percent of all the residential applications from various minority groups. In comparison, the Bank's minority applicants in 2002 represented 0.6 percent of all applicants. The table following provides further details.

MINORITY APPLICATION FLOW								
Racial Designation	Aggregate Data 2002		2002		2003		Totals	
	#	%	#	%	#	%	#	%
Native American	9	0.2	0	0.0	1	0.3	1	0.2
Asian	25	0.7	0	0.0	0	0.0	0	0.0
Black	13	0.3	0	0.0	2	0.6	2	0.4
Hispanic	27	0.7	0	0.0	2	0.6	2	0.4
Joint	25	0.7	1	0.6	3	0.7	4	0.7
Other	30	0.8	0	0.0	1	0.3	1	0.2
Total Minority	129	3.4	1	0.6	9	2.5	10	1.9
White	2,538	67.1	161	95.3	309	87.3	470	89.9
N/A	1,115	29.5	7	4.1	36	10.2	43	8.2
Total	3,782	100.0	169	100.0	354	100.0	523	100.0

In addition, the institution's minority application flow is compared to the racial composition of the assessment area. The table details the assessment area's racial composition for the 1990 and 2000 U.S. Census. It should be noted that the Bank increased its assessment area to include nine census tracts in Dorchester.

Change in Assessment Area Racial Demographics					
Race	1990 Census Data		2000 Census Data		% Change in Number of Persons
	#	%	#	%	
Native American	134	0.5	204	0.3	52.2
Asian	514	1.7	7,859	11.2	1429.0
Black	258	0.9	6,443	9.2	2397.3
Hispanic	296	1.0	5,184	7.4	1651.4
Other	10	0.0	2,201	3.2	21910.0
White	28,183	95.9	47,975	68.7	70.2
Total Persons	29,395	100.0	69,866	100.0	173.0
Total Minority	1,212	4.1	21,891	31.3	1706.2

The assessment area's total population increased by 70.2 percent with the inclusion of the Dorchester census tracts in 2003. This inclusion affected the increase in the minority population significantly as indicated in the above table. Given the dramatic increase in the minority population, the Bank's level of attracting minority applicants is considered to be less than reasonable.

MINORITY APPLICATION FLOW (continued)

In addition, a review was conducted for compliance with fair lending laws and regulations and no violations of the substantive provisions of anti-discriminatory laws and regulations were identified.

EVALUATION OF QUALIFIED INVESTMENTS AND SERVICES

At the request of Bank management, qualified investments and services were reviewed. The Bank's efforts in these areas further support the overall rating. The following summarizes the Bank's performance.

Investments

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, and activities that revitalize or stabilize low and moderate-income geographies. In recognition of the many legal limitations on bank investments, and the long-term nature and complexity of many community development investments, the CRA regulation allows some reasonable consideration for the entire Bank portfolio of qualified investments; not just those made since the previous CRA examination.

The Bank has responded to community housing and economic development needs through its donations to local community organizations. On March 3, 2003, the Bank announced the creation of the Mt. Washington Charitable Foundation, Inc. as a means of serving the needs of its assessment area. On November 14, 2002, the Bank, from the sale of stock, donated \$446,866 to the foundation. During 2002 and 2003, the Bank made a total of \$260,603 in qualified donations. The following is a sample of the organizations that are considered to qualify.

The South Boston Neighborhood House is one of Boston's oldest settlement houses. It provides child care, adult education, vocational counseling, an arts academy and reading enrichment programs, as well as family, adolescent and elder services. Approximately, 50 percent of the program's participants are considered low-income and 40 percent are considered moderate-income.

The South Boys and Girls Club is part of the Boys and Girls Clubs of Boston which serves more than 8,000 young people through its five clubhouses providing after school programs.

The Laboure Center provides comprehensive health, education and social services to over 8000 children, teens and elders in South Boston and North Dorchester. The population served by this organization is primarily low and moderate-income.

Investments (continued)

Julie's Family Learning Program provides programs in parenting, education and life skills to families living in poverty in Boston. Its services include adult basic education, computer literacy and job readiness training, family literacy programs and support groups. Its children's programs include an infant-toddler child development center and a Montessori pre-school program.

The Paraclete Center offers an educational enrichment program to middle school youth that want to be part of a diverse learning community after school. It currently serves about 100 families in the South Boston community. Of which, most children come from low and moderate-income families

The South Boston Collaborative Center and the Cushing House. The Collaborative Center operates out of the Old Colony Housing project and was begun after the cluster teen age and young adult suicide episodes in 1997. Both the Collaborative and the Cushing House work on the substance abuse problem in the community. The Cushing House is a residential treatment program for youth under age 18.

Services

The Service review evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The following describes the institution's services.

Retail Services

The availability and effectiveness of a bank's system for delivering retail banking services is determined by analyzing the accessibility of delivery systems, changes in branch locations, and the reasonableness of business hours. Overall the Bank's retail banking services are geared to addressing the needs of all residents within the assessment area, including those of low and moderate-income.

Accessibility of Delivery System

The Bank's delivery services are accessible to all portions of its assessment area. The Bank operates four full service offices located in South Boston (3) and Dorchester (1). In addition, the branch has a loan center located in South Boston. All offices including the loan center are located in moderate-income census tracts.

ATMs are located at all offices including the loan center. Network affiliations include NYCE and Cirrus. The Bank is a member of the SUM Alliance, which allows the bank customers to use ATMs of participating members free of charge.

Accessibility of Delivery System (continued)

The Bank offers a variety of alternative delivery systems, which include telephone banking, a web site and a call center. "Telebanking Line" is a 24-hour automated telephone information line for basic banking services. Through this system, customers can obtain deposit account and loan balances, transfer funds between accounts, receive current interest rate information, report a lost or stolen debit card, and obtain branch locations and business hours.

Customers and potential customers can obtain general bank information such as hours, branch locations, products and services, etc., through the Bank's web site at www.mtwashingtonbank.com.

The Bank's Ultimate Service Call Center provides call center specialists who perform all tasks over the telephone that a customer service representative performs in branch offices with the exception of opening accounts.

Banking by mail is also available to customers to make deposits, withdrawals, and close an account. Pre-paid "bank-by-mail envelopes are supplied.

Community Development Services

The CRA regulation defines a community development service as a service whose purpose is primarily community development and is related to the provision of financial services. Through the participation of its directors, management and employees the Bank is involved in providing support to local community development programs and projects. Through these involvements, the Bank's staff lends their technical expertise, experience and judgment to these organizations. Detailed below is a sample of the Bank's qualified community development services.

Involvement in Community Organizations

The President/CEO is a Corporator of the South Boston Neighborhood House, a committee member on the Laboure Center Capital Campaign, and a member of the advisory board for the South Boston Boys & Girls Club.

A Senior Vice President is a consultant to the South Boston Neighborhood Development Corporation by offering financial and technical expertise.

A Vice President serves on the fundraising committees of the South Boston Neighborhood House and South Boston Community Health Center and is on the advisory board of the Paracelete Center.

A Director is on the fundraising committees of the South Boston Neighborhood House and the Laboure Center.

A Director is actively involved with fundraising efforts for the South Boston Boys and Girls Club.

Seminars

In August and September 2003, the Bank co-sponsored, a series of three informational meetings with the South Boston Neighborhood Development Corporation (SBNDC) for individuals interested in entering affordable housing lotteries for 16 units located in South Boston. A Bank representative was present at the meetings, and bank staff provided pre-qualification materials for prospective applicants.

On September 18, 2002, the Bank presented the FDIC's Money Sense Financial Literacy Program. The program included Bank On It, an introduction to bank services and Check On It, how to choose and keep a checking account.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

MT. WASHINGTON CO-OPERATIVE BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **March 29, 2004**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors

Dated at _____ this _____ day of _____ 20 _____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each local community;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction, and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.